

Data Sheet

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| USAID Mission: | Bulgaria |
| Program Title: | Local Gov't Strengthening & Municipal Development |
| Pillar: | Democracy, Conflict and Humanitarian Assistance |
| Strategic Objective: | 183-0230 |
| Status: | Continuing |
| Proposed FY 2003 Obligation: | \$3,100,000 AEEB |
| Prior Year Unobligated: | \$579,000 AEEB |
| Proposed FY 2004 Obligation: | \$2,950,000 AEEB |
| Year of Initial Obligation: | 1995 |
| Estimated Completion Date: | 2007 |

Summary: The local government program assists national and local government entities, as well as civil society organizations focusing on local government development through: increasing local government autonomy and implementation of decentralization policy reforms; clarifying roles and responsibilities of different levels of government; developing a sound municipal finance base and improving access to municipal infrastructure finance; institutionalizing citizen participation in decision making; exchanging experience and expertise on key municipal issues between Bulgarian and cities in the United States; and developing and implementing economic development strategies in small municipalities.

Inputs, Outputs, Activities:

FY 2003 Program:

Fiscal and administrative decentralization (\$1,850,000 AEEB). USAID will continue technical assistance and training activities under the Local Government Initiative that have shown positive results under two previous phases. The focus will continue on working with the central government and the National Association of Municipalities - the statutory voice representing municipal interests - on expanding local government financial autonomy. Key areas will target implementing legislative reforms; building local governments' capacity to cope with new fiscal responsibilities; and maintaining the momentum of the reform process by institutionalizing dialogue between the local and national levels. At the regional level, USAID will establish a task force recognized as a reliable non-partisan body in regional policy formulation and regional development. Through three pilot projects, USAID will demonstrate approaches for improving collaboration among regional administration, local governments, businesses, and NGOs. In addition, USAID will clarify the relationship of the different levels of government as defined in current legislation and applied in practice. This will clarify ambiguities in the law and, through field implementation, improve the application of laws. Taking advantage of the GOB's receptivity to regional reform, USAID will also engage key stakeholders in a broad public discussion on regional policy, leading to a possible transition from the present form of national administration to the establishment of regional self-governance. USAID will continue efforts to strengthen infrastructure finance capabilities of municipalities by seeking to improve the policy framework that limits municipal borrowing authority. It will also use training to build local government capacity related to capital investments and bankable investment projects, thus heightening investor confidence in municipal creditworthiness. USAID will also disseminate model solutions and methodologies developed in the pilot phase to a wider group of municipalities. Principal contractors/grantees are: Research Triangle Institute (prime) and Management Systems Incorporated (sub).

Local government support organizations (\$800,000 AEEB). This activity will concentrate on training and awareness-building efforts on the part of civil society organizations (CSOs) to improve citizen understanding of, and access to, local government. A number of sub-grants will stimulate municipal and NGO solutions to local self-government issues and establish municipal customer service and information centers. Principal contractor/grantee is: Foundation for Local Government reform (prime).

Community level assistance (\$450,000 AEED). USAID intends to continue the municipal twinning program which transfers technical expertise between U.S. and Bulgarian cities to stimulate and implement various innovations in municipal practices, such as marketing cities to investors or developing Geographic Information Systems. Successful practices also will be replicated. Principal contractors/grantees are: International City/County Management Association (prime) and Foundation for Local Government Reform (sub).

FY 2004 Program:

Fiscal and administrative decentralization (\$1,800,000 AEED). USAID will continue technical assistance and training activities under the Local Government Initiative, 1) seeking further legislative reforms, 2) building local government capacity to cope with increased fiscal responsibilities, 3) establishing regional self-governance, and 4) expanding municipal authority and provision of more structured access to credit.

Local government support organizations (\$650,000 AEED). USAID will continue supporting advocacy, lobbying, and training activities of local government support organizations that focus on the policy reform agenda, capacity building of municipal administrations, and improved transparency and responsiveness at the local level.

Community level assistance (\$500,000 AEED). USAID intends to continue the municipal twinning program, which transfers technical expertise between U.S. and Bulgarian cities.

Performance and Results: The local government program has achieved excellent results. Bringing together for the first time representatives of NGOs and of central and local governments, a USAID-sponsored Forum established a consensus on strategic directions for fiscal decentralization reforms. The Forum subsequently incorporated its conclusions in a historic agreement between the GOB and the National Association of Municipalities, in which the GOB committed itself to specific elements of decentralization reform. Building on these conclusions, a decentralization program was developed by a working group and subsequently adopted by the Council of Ministers. The program paved the way for aggressive legislative reforms presently before Parliament. Advocacy by NGOs, such as the National Association of Municipalities, has been crucial in making changes in key legislation related to fiscal decentralization. Concrete results stemming from city-to-city twinning partnerships between 11 Bulgarian and US cities include: the development of municipal strategic plans, introduction of new budget forecasting processes, and marketing strategies to attract investment. These results, a dramatic departure from current practice and powerful models for change, are now being shared with other cities throughout Bulgaria. In 2002, resulting from USAID's local economic development activities in 35 communities, 155 development projects have been launched; 82 new businesses have been started; 101 businesses have been assisted or expanded; and 3,154 new jobs have been created for low skilled, unemployed, mostly Roma citizens.

Given the current favorable environment for implementing policy changes, USAID's local government program will continue to focus on fiscal decentralization and regional reform. By 2006/2007, key legislation to financially empower local governments will be in place, and local governments' capacity to implement the reforms will have been strengthened.

US Financing in Thousands of Dollars

Bulgaria

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| 183-0230 Local Gov't Strengthening & Municipal Development | AEEB |
| Through September 30, 2001 | |
| Obligations | 32,130 |
| Expenditures | 25,046 |
| Unliquidated | 7,084 |
| Fiscal Year 2002 | |
| Obligations | 3,276 |
| Expenditures | 7,487 |
| Through September 30, 2002 | |
| Obligations | 35,406 |
| Expenditures | 32,533 |
| Unliquidated | 2,873 |
| Prior Year Unobligated Funds | |
| Obligations | 579 |
| Planned Fiscal Year 2003 NOA | |
| Obligations | 3,100 |
| Total Planned Fiscal Year 2003 | |
| Obligations | 3,679 |
| Proposed Fiscal Year 2004 NOA | |
| Obligations | 2,950 |
| Future Obligations | 0 |
| Est. Total Cost | 42,035 |